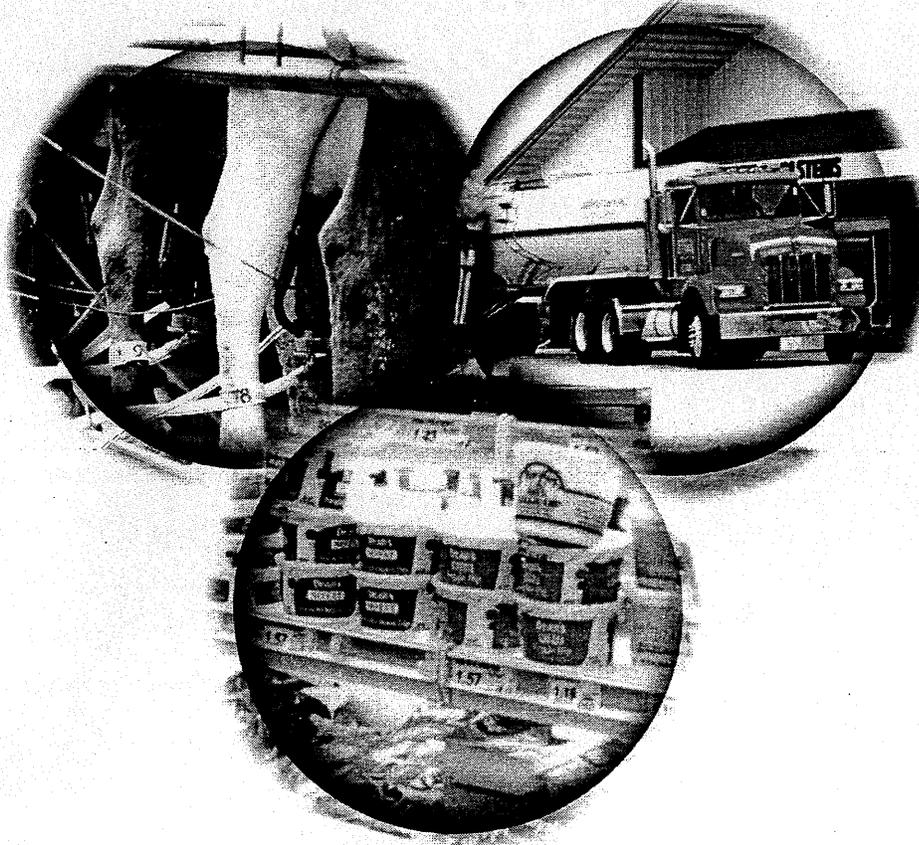


Growing Wisconsin Agriculture Task Force



Final Report
September 2001

References

"The Contribution of Agriculture to the Wisconsin Economy." Steven Deller,
University of Wisconsin Department of Agricultural Economics, 1994.

"Status of Wisconsin Agriculture.

"University of Wisconsin Department of Agricultural Economics, 2001.

"Wisconsin's Economy in the Year 2010." University of Wisconsin School of Business, 2000.

"Farming on the Edge." American Farmland Trust, 1999.

Task Force Members

Gary Sipiorski,

Chair, Executive Vice-President, Citizens State Bank of Loyal

Henry Carstens,

President, Henry Carstens and Sons Company

Steve Diercks,

Coloma Farms

Cindy Jarvis,

Dairy Farmer, Lakeview Farm

Roger King,

Agri-Business Instructor, Holmen High School

Brian McCulloh,

Managing Partner, Woodhill Farms Inc./Angus Seedstock

Dave Daniels,

Dairy Farmer, Mighty Grand Dairy, LLC.

Diane Kaufmann,

Specialty Producer, Pastured Poultry

John Lader,

Past President, Wisconsin Pork Producers

Angie Molkentin,

Freelance Public Relations

R. Douglas Wilson,

Chief Operating Officer, Genex Cooperative, Inc.

Deborah Van Dyk,

Vice President, Industry/Regulatory Affairs, Schreiber Foods, Inc.

Launa Stayer-Maloney,

Vice Chairperson of the Board, Secretary/Treasurer of Johnsonville Sausage

our base is in danger of eroding. In fact, the American Farmland Trust has identified southern Wisconsin as one of the two most endangered areas of productive farmland in the United States.

Educational system--We have a world-renowned university and technical college educational infrastructure, and our university enjoys a significant reputation for food science and agriculture research. UW—Madison's College of Agriculture and Life Sciences faculty consistently leads the nation in amount of USDA competitive grants garnered per researcher. Agricultural researchers at UW-Madison were ranked top in the nation in terms of impact of their work by the most recent Science Watch Analysis (1993). Impact is measured by the number of times other scientists cite publications of UW researchers.

Brand and heritage--From football fields to our license plates, Wisconsin is known as America's Dairyland. There is some equity in this name as it relates to marketing cheese.

Diversity of crops and livestock—Wisconsin enjoys a diverse crops and livestock production base. In addition to being known as America's Dairyland, Wisconsin is number one in the production of mink pelts, corn for silage, oats, cranberries, beets for canning, cabbage for kraut, snap beans for processing. We also rank third in the nation for potatoes, carrots, sweet corn, and green peas. Additional crops in the top ten are cucumbers, cherries, apples and honey.

Geographic advantages

- ✓ Chicago, the Twin Cities, plus shipping out east and down south is less costly for Wisconsin than for Western food producing states. Wisconsin's main product flow is to the south and east because of consumer population.
- ✓ Wisconsin is a water-rich state, averaging 28-34 inches of precipitation annually. Precipitation in the form of snow cover acts as protective insulation for grasses, autumn seeded grains, alfalfa and other vegetation. Clean water is an important reason why agriculture is the state's top industry. In areas where the land consists of lighter, drier soils, water is drawn to the surface to nourish crops.
- ✓ Aside from southeastern Wisconsin, the state's population dispersion allows a large portion of land available for agricultural and recreational use. Wisconsin has approximately 10 million acres in cropland.
- ✓ Wisconsin has a world-renowned university and technical college educational infrastructure.
- ✓ Wisconsin enjoys a diverse crop and livestock production base.
- ✓ Wisconsin is number one in the production of mink pelts, corn for silage, oats, cranberries, beets for canning, cabbage for kraut, snap beans for processing. We also rank third in the nation for potatoes, carrots, sweet corn, green peas. Additional Wisconsin crops in the top ten are cucumbers, cherries, apples and honey.
- ✓ Wisconsin's central location allows shipping of products East, South and West less costly than other areas of the country. Wisconsin's main product flow is to the south and east based on consumer population.

*NOTE: It was difficult to find recent numbers indicating the impact of Wisconsin's agri-food and fiber industry on the overall economy, suggesting that a new analysis might be needed to better inform Wisconsin policy makers and citizens. Many numbers were taken from a 1994 report authored by Steven Deller, University of Wisconsin Department of Agricultural Economics, entitled, "The Contribution of Agriculture to the Wisconsin Economy."

- a) Kraft Foods 5,500 employees,
- a) Johnsonville Sausage with 800 employees,
- b) Schreiber Foods with 340 employees,
- c) Foremost Farms/Golden Guernsey with 1,550 employees,
- d) The Turkey Store with 1,250 employees
- e) Packerland Packing with 1,500 employees,
- f) Bestfoods with 600 employees,
- g) Brakebush Bros. with 500 employees,
- h) Sargento Foods with 1,100 employees, and
- i) Agrilink Foods with 1,000 employees. (Source: 2001 Wisconsin Manufacturers Register)

Genetics—ABS Global, Accelerated Genetics, Genex and Alta are all global genetics companies headquartered in Wisconsin.

Equipment manufacturing—Case IH, Bou-Matic, Germania and DeLaval are just a few of the major agricultural equipment companies located in Wisconsin.

Transportation—Major trucking companies such as Schneider National, which employs 1,800, or DeBoer, which employs 230, operate in Wisconsin and serve the food industry. (Source: 1998 Wisconsin Business Service Directory.)

Storage—Cold storage facilities such as Atlas Cold Storage with over 15 acres of cold storage or WOW Logistics with nearly 5 acres of cold storage, depend on cheese, butter, milk, meat and other food product production. (Source: 1998 Wisconsin Business Service Directory.)

Packaging—Companies such as Great Northern Corporation, which serves the Wisconsin food industry with packaging materials and employs over 400. (Source: 2001 Wisconsin Manufacturers Register)

Tourism is Wisconsin's second leading industry, behind food and fiber. Wisconsin's tourism industry is buoyed by the beauty of our rural landscape, the availability of open spaces of land for hunting, and the preservation of farmland as additional habitat for wildlife. This \$9 billion dollar industry is strengthened by the diversity of agriculture in the state.

Wisconsin has natural advantages for agriculture production.

Access to fresh water--Wisconsin is a water-rich state, averaging 28-34 inches of precipitation annually. Precipitation in the form of snow cover acts as protective insulation for grasses, autumn seeded grains, alfalfa and other vegetation. Clean water is an important reason why agriculture is the state's top industry. In areas where the land consists of lighter, drier soil, this pure water can be drawn to the surface to nourish crops.

Good growing climate--Wisconsin's geological position provides long summer days with additional sunshine for crop production. The central and northern areas of the state are ideally suited for forage production. This gives livestock producers the advantage of an ample supply of forage. Well-drained, sandy soils in central Wisconsin are ideal for growing potatoes and other vegetables. Wisconsin's proximity to the grain belt provides a ready supply of high energy and protein grains to complete the dietary needs of livestock.

Land---Aside from the eastern edge and southeastern Wisconsin, our population size allows for a large portion of land to be available for agricultural as well as recreational uses. Wisconsin has approximately 10 million acres in cropland. In comparison to other states, Wisconsin has a large fertile land base that is reasonably priced. Although we possess this "gold mine" of land right now,

Why Invest in Wisconsin's Food and Fiber Industry?

Contributions to the overall state economy

Production and sales--Over \$40 billion of Wisconsin's economy is generated from agriculture and food processing industries, representing 22% of the total economy. (Source: UW Economist Steven Deller, 1994).

- ✓ Production agriculture generates \$6 billion in farm receipts annually. Farm sales from the animal agriculture segment represent an annual contribution of more than \$5 billion to Wisconsin's economy and account for 75 percent of the state's farm income (Source: Wisconsin Agriculture Statistics Service).
- ✓ 56 percent of the \$6 billion is dairy (milk & culled cows and calves) sales.
- ✓ The processed meat segment ranks as the state's fifth largest industry with over \$4.5 billion in shipments (Source: Wisconsin Department of Commerce).
- ✓ Wisconsin cheese production was 2.2 billion pounds in 2000, or 26.55% of national market share. (Source: National Agricultural Statistics Service website.)

Jobs—One in every six people in Wisconsin works in agriculture and related industries, totaling nearly 500,000 jobs. (Source: Steven Deller)

- ✓ On-farm agricultural workers account for roughly 125,000 jobs in Wisconsin. (Source: Steven Deller)
- ✓ Food processing also employs roughly 125,000 people in Wisconsin out of a workforce of 2.8 million people. (Source: Department of Workforce Development website employment by industry total includes-Food and Kindred Spirits, All Meat Products, Dairy Products, Preserved Fruits and Vegetables, Bakery Products, Beverages.) This does not account for those employed in the farm input/retailers and educational support system necessary to supply the food and agriculture industry in Wisconsin.

Taxes—The food and fiber processing industry includes thousands of tax-paying corporations of all sizes. Industries such as processing, genetics, equipment manufacturing, transportation, storage, packaging and tourism all rely on agriculture as a foundation. These industries represent additional sources of economic activity, multiplying the effects of the direct activity of agricultural production and processing.

Exports/sales outside the state—86.25 percent of dairy products produced here are sold outside of Wisconsin. (Source: Hoard's Dairyman, calculated from production and per capita consumption data.) There will always be a need for food and fiber, and the emerging products of "farmaceuticals" and biotechnology. As such, Wisconsin agriculture will always have markets, despite cycles in the overall U.S. and global economy. A study completed for Forward Wisconsin by the Wisconsin School of Business and released in June 2000 recommended support for industries such as dairy and agricultural products, while bolstering biotechnology industries.

Market share—Wisconsin has enjoyed a nearly 40 percent share of the national cheese market as recently as 1975. We've seen market share slip to 26.55 percent in 2000. (Source: USDA Dairy Products 2000 Summary and Wisconsin Dairy Facts 2000.)

According to analysis by UW Economist Steven Deller, "Other industries are linked, through indirect and induced effects, to the agricultural industry. These industries represent additional sources of economic activity, multiplying the effects of the direct activity of agricultural production and processing. The agricultural industry uses machinery, trucks, fuel, financial services and other inputs from local industries to conduct its daily operations. These economic linkages, or indirect effects, create a network of interdependent industries, which, in turn, generate additional jobs and income in non-agricultural industries." Some of these industries include:

Processing—Major food processors are located here, such as:

Request for Input and Support from Wisconsin Citizens

Wisconsin citizens will and should have a voice in the kind of agri-food and bioscience industry to be found in Wisconsin's future. One of the roles of government is to ensure that a dialogue with citizens occurs over the choices involved in modern industry, that communications about issues are objective and soundly based, and that, when more information is needed, to help ensure that it is forthcoming. A strong vision and strong leadership is needed in Wisconsin to bind together producers, processors, agri-businesses, institutions and citizens toward a public-engaging look at the opportunities and problems that face it.

The TASK FORCE recognizes the need for the agriculture sector to increasingly involve the public, especially at the local community and local government level, in a constructive dialogue on farming that fits Wisconsin. We encourage input and seek support for this industry from our non-farm citizens.

The TASK FORCE used a set of principles to guide its recommendations and offers them for use in the public dialogue about modernizing Wisconsin agriculture:

- ✓ **Public information and consent is necessary in times of change.** This requires effective communications, strong leadership to work through building consensus and good science to support sound decision-making. Not everyone can be pleased with every decision or policy, but we can help bring transparency to decision-making.
- ✓ **Technology allows us to do more with less.** While public scrutiny of new technology is welcomed, the TASK FORCE recognizes that in general new technology helps the agriculture sector remain competitive, or provides it with a competitive edge, or improves resource use and reduces resource impacts.
- ✓ **We have a responsibility to preserve our natural resources—including our most productive farmland—for the next generation.** Wisconsin's natural agricultural resources are a great strength. We have taken into consideration our environment and land base assets. We also recognize that Wisconsin agriculture produces more than food: It produces green space, wildlife habitats, and pleasing views, all of which have value.
- ✓ **Farmers are adaptable and innovative people.** Their entrepreneurship should be encouraged so they may increasingly and aggressively find new ways to add value to the land, labor and management which they control.
- ✓ **Farm prices are largely a manifestation of market place conditions and national farm programs.** Therefore, Wisconsin should focus most on those policies and actions that can be impacted directly both in the short and long term.
- ✓ **Focus on "impact" issues.** Changing Wisconsin's agriculture industry for the better will take a long, sustained effort requiring focus on the "impact" issues and avoiding distractions with the "non-impact" issues. A one-time task force effort is not sufficient. Change will take a long-term commitment.
- ✓ **Making Wisconsin a good place to do business** will, in part, retain and recruit food processors, which in turn will help production agriculture. We must not look at our agriculture industry as simply farm production. Today's best farmers understand that they are part of a larger process that encompasses consumer demand, processing infrastructure, and scientific research support.
- ✓ **Separate emotion from reason and science.** Wisconsin maintains many family-owned farms and, as a result, many agriculture issues in Wisconsin carry with them emotional factors that affect decision-making. While we should be sensitive to emotions and respect opinions, we should make decisions based on sound science and good economic reasoning that also recognizes our cultural values.

Request for Implementation

Review of Task Force Recommendations

The TASK FORCE Public Hearings included appeals from agricultural producers and food processors expressing concerns with a report that has very little to no long-term impact. To ensure a long-term commitment to TASK FORCE goals, the recommendations laid out in the pages ahead should include periodic review and upgrading, so this report is fully implemented over time.

As an example, Iowa has done an outstanding job taking the ideas from a one-time agriculture task force established in 1991 and keeping those ideas alive through the establishment of an ongoing think tank and the Agriculture Value Growth Foundation. The Foundation, with leadership from the Governor and the State, successfully raised private funds for continuing study of agriculture and food issues, while carrying out of many good recommendations from the Task Force. In Iowa, the State and the Governor served as catalysts for growth and development.

The TASK FORCE recommendations call for a leap forward while building on our strengths and our heritage. The jump the TASK FORCE is calling for will require the Governor, his cabinet, the Legislature and many in the private sector to help forge the forum and the focus needed to recharge Wisconsin's agriculture industry and unify its various sectors.

The TASK FORCE is dedicated to ensuring that its priority recommendations are implemented. The TASK FORCE's review of how State Agencies cooperate on policy development and coordinate on program administration suggests room for improvement.

Wisconsin needs more intensified cooperation among agencies, the university system and technical college system that will be better facilitate retooling and recruiting businesses to Wisconsin as well as improving the flow of information about business services to producers and agricultural businesses. The Governor must lead such an initiative among state agencies so programs and budgets can be structured accordingly. The state budget is the most effective means of establishing policy for state agencies and the university and technical college systems.

In order to facilitate implementation of its recommendations, the TASK FORCE asks the Governor to institute a process for state agencies to identify their plans for adopting TASK FORCE recommendations and to create an opportunity to review the process after one, three and five years. The process of reviews should include input from agricultural industry representatives to obtain their views on the state's program.

If this serious work is not done soon, our farm production base, our processing and related industries, and our farmland resources, will decline past our ability to remain in a nationally strong position.

zero discharge, a conservation plan for soil loss below tolerable levels, and a means of diverting clean water away from livestock waste. Large farms are also more likely to have manure storage, which allows manure to be applied at the optimum times and avoid application to frozen ground. In addition, large farms are less likely to have cattle with access to streams, rivers, and lakes. Finally, large farms are much more likely to inject or incorporate manure into the soil.

Expanding herd size is an economic reality for livestock producers in Wisconsin. Yet farmers who are contemplating new site construction or expansion of existing facilities to either meet the economic realities of today's dairy, poultry or swine industry or to aggregate capital costs in a family business are finding the road to expansion paved with interest groups. Siting a new dairy or expanding an existing dairy has become difficult and random. It depends in large part on the status of county zoning, on the political make-up of the town board, or the emotion of neighbors. Wisconsin's farm businesses, which must compete in a global market, are largely at the impulse of local government.

The TASK FORCE suggests the following action to improve public understanding of environmental practices in modern farm businesses:

- In conjunction with the State Legislature, form a work group to work with representative associations of local governments and agriculture to adopt siting Best Management Practices (BMPs) or criteria to be adopted as state uniform law so there is certainty and equity in the process and so that political influence is diminished in favor of sound science and adherence to environmental regulations. The Wisconsin Department of Natural Resources has expressed interest in uniform state standards for siting facilities. The University of Wisconsin—Extension has attempted to educate local officials on a limited basis. A set of siting BMPs would provide producers and financiers with a clear process.
- The Wisconsin Agricultural Stewardship Initiative (WASI) and Discovery Farms concept will be helpful and has wide support of farm leaders. The TASK FORCE is concerned that only partial funding will dilute the effects of this project and slow the research results, rendering the entire project ineffective. The current budget lacks 3.5 staff and more than \$2 million in funding for the first year from what was originally proposed. Full funding is necessary for the project to maximize effectiveness.
- The ease and speed of the animal agriculture expansion permit process improved with the addition of an ombudsman between producers, DATCP and DNR. Based on this model, add an additional "go-to" advocate for producers for environmental issues. We foresee the workload of ombudsmen growing as urban encroachment continues and issues such as odor control are added to water quality issues. This is an example of government being structured in such a way as to facilitate growth of business, as listed in our top priority.
- The Governor should request in the next biennial budget 2 additional agricultural ombudsmen. The ease and speed of permit approval for agricultural expansion improved with the addition of an ombudsman between producers, DATCP and DNR. The potential workload for an ombudsman is growing as urban encroachment into rural areas continues and issues such as odor control, groundwater pollution and noise are added to water quality issues.
- The Governor should establish an indemnity fund in DATCP to protect farmers from environmental risks.
- The Governor should establish a voluntary environmental assessment through DNR. Each participant would receive immunity from violations if concerns are cleaned within a specified period of time.

Century, the Governor should establish a program within the University of Wisconsin System to evaluate the needs of the food and fiber industry in Wisconsin, the nation and world and develop a curriculum to educate, inform and prepare producers and processors for all potential possibilities.

- University of Wisconsin—Extension must respond to some of the emerging management-related needs of its production agriculture constituency, such as:
 1. Helping producers understand financial planning tools such as balance sheets, cash flows and how the two reconcile to determine profitability and achieve goals.
 2. Conducting programs that enhance knowledge of markets.
 3. Conducting programs to enhance public/community relations skills to help producers deal with the pressures of farming amidst urban encroachment and in an increasingly competitive, global economy.
 4. Using technology to teach courses over the Internet and provide highly specialized, systematic information.
 5. Continuing to organize itself by specialty, issue or level of sophistication rather than by geography.
 6. Stretching limited dollars available in Wisconsin by pooling resources with other states, especially in the Upper Midwest, to serve some of the more highly specialized needs of agriculture and food production. This is in keeping with the trend toward more regional economies.
 - The Governor should consider creating a science-based Consumer Food Safety and Education Institute at the University of Wisconsin—Madison to further establish Wisconsin as a global leader in science-based food production methods.
 - All kindergarten through secondary education students should be required to complete a course in food and fiber significance, methods and history as part of their curriculum before graduation.
 - All Wisconsin teachers should be required to take a food and fiber education course as part of their teacher curriculum and re-certification requirements. The course would combine science, nutrition, social studies and economics to be sure teachers have the most up-to-date information for use in the classroom.

Recommendation #10 Animal Agriculture and the Environment

Address the growth of large-scale animal agriculture in an environmentally responsible way; communicate based on sound science.

The TASK FORCE heard many concerns expressed about agriculture's effectiveness in communicating with the public about environmental management issues related to modern farming operations. Wisconsin's unique and plentiful water, coupled with the need to expand animal agriculture to large-scale production methods, creates increased tension that can be reduced with sound science and communication. Large-scale animal agriculture can coexist with water resources and nearby urban development if technologies are employed and regulations are followed.

However, because of the size of these operations, the damages caused by failed technology/accidents or lack of compliance poses a greater risk to the environment. This does not mean that large-scale operations should necessarily be limited; it simply means that steps must be taken to manage risks, as well as educate those living in proximity to the operation. There are many indications that large farms have a lesser impact on the environment than do small farms (source: Dairy 2020):

Large farms are currently required to comply with strict environmental regulations from which smaller producers are exempt, such as a comprehensive nutrient management plan, facilities designed for

sentiment for old production methods, support for policies based on emotion rather than science, and nostalgic sympathy for the “small family farm.”

The Wisconsin public needs to understand modern farming practices, modern environmental compliance, and the commercial potential of new science such as biotechnology. The public needs to encourage both small business and large value-added agricultural development as a means to benefit the entire state. Elected officials need to understand the importance of the food and fiber industry when weighing budget priorities. Their constituents also need to understand this industry so that elected officials can make decisions without public backlash.

The TASK FORCE analysis of these concerns suggests the Governor should provide funding in the next biennial budget for development of a fund designed to educate and inform the public about the importance of agriculture to Wisconsin. Specifics include:

- Private industry would be encouraged to contribute to the fund through tax incentives.
- Processors, producer groups, agricultural and food organizations, UW-Extension, tourism and related industries and non-profit organizations are encouraged to participate.
- The goal is to raise awareness, dispel myths, and point to sources of information about Wisconsin’s food and fiber industry.
- An oversight committee would review applicant presentations and the best idea and presentation would receive funding.
- Wisconsin State Fair Park is one potential site to administer funds through. With an established facility and staff in place, the goal would be to educate and inform the public concerning the state’s food and fiber industry and its contributions to the state’s economy. It would also be an opportunity to educate fairgoers about the modernization of farms and environmental issues.

Recommendation #9 Educational System Improvements

Wisconsin’s educational system should continue to improve outreach ability with applied information that meets the needs of producers and processors.

In the TASK FORCE’s review of educational issues, it is becoming increasingly evident that the University of Wisconsin System and the Wisconsin Technical College System, despite doing good, continue to struggle with how to best meet the applied information needs of producers and processors. As Wisconsin agriculture retools and responds to market conditions, Extension specialists find themselves in the position of providing relevant information to agricultural operations of many different sizes, commodities and levels of sophistication.

This is a daunting task for any institution. With the advent of new, enabling technologies and regional economies, UW—Extension and the Technical College System can be more responsive to the needs of its students by focusing on outreach and continuing to organize itself by specialty, issue or level of sophistication rather than by geography. The State’s post-secondary educational institutions must also respond to some of the emerging non-production-related needs of its production agriculture constituency. Programs that enhance business sophistication, knowledge of markets, and public/community relations skills will help producers deal with the pressures of farming amidst urban encroachment and in an increasingly competitive, global economy.

The TASK FORCE believes the following suggestions relating to education should be considered:

- The University of Wisconsin System, particularly University of Wisconsin—Extension, must continue to improve outreach ability while providing the most recent applied information available to meet the needs of producers and processors in our food and fiber system. To assure the needs of Wisconsin’s producers and processors are met well into the 21st

- Farm bill negotiations, discussions, and the reallocation of federal subsidies (e.g., Wisconsin should be a leader in the discussion of how to disperse \$28 billion in federal subsidies, which currently are allocated mostly for grain producers).

Recommendation #7 Size Neutral Decision-making

Diversification of farm sizes, ranging from large to small niche farms, can be positive for Wisconsin if policy decision-making is not made based on size alone.

The TASK FORCE reviewed input and discussed issues of farm size. The TASK FORCE believes that to succeed in business, a proprietor must have one of two advantages: low-cost production or a name recognized by consumers who are willing to pay more for your product. There is room in Wisconsin for both the niche providers and the low-cost volume producers. Wisconsin has lost many farms since the 1980s due to their inability to match low-cost production methods of farms in other regions of the country. Many farms in Wisconsin are retooling to reach those levels; others are seeking smaller specialized markets.

Wisconsin's proximity to markets and economy is suitable for both types of farming. Regardless of size, producers of all products must understand the mechanics of financial statements: balance sheets, cash flows, and how the two reconcile to track profitability. Rather than relying on government policy to ensure financial success, increasing numbers of producers are recognizing their own ability to control their destiny using the resources and economics available to all producers.

Diversification of farm sizes, ranging from large to small niche farms, can be positive for Wisconsin if policy decision-making is not made based on size alone.

The TASK FORCE received several suggestions that would aid Wisconsin's agriculture:

- The Governor and other policymakers should use leadership skills to advocate for diversification and end any divisive rhetoric and policy decisions based solely on farm size. There is room in Wisconsin for large-scale agriculture as well as smaller-scale agriculture. Each producer should be encouraged to pursue a lifestyle, level of profitability and market niche appropriate to the business owner's skills and preferences. Leaders must emphasize profitability and lifestyle choices rather than size.
- Agricultural and public leaders should encourage support for business arrangements that make business more competitive locally, nationally and globally.
- The Governor and Secretary of Agriculture should promote Wisconsin agri-food industry's virtues and benefits to the public and media. Specific portions of the promotion should focus on:
 - The evolution of agriculture in Wisconsin, including the need to modernize.
 - The freedom and reward enjoyed from pursuing an agricultural career.
 - Emphasis on the potential profitability and lifestyle choices.
 - Large versus small farms and the value of supporting each.

Recommendation #8 Public Education about Agriculture, Food and Science

To win support for investment in Wisconsin food and fiber industry, the industry and the State must address the declining public understanding of agriculture and its contributions to the economy.

Evidenced at the Public Hearings, producers and processors are frustrated by urban encroachment and lack of understanding of modern production methods, even when those methods comply with all proper regulations. Processors claim Wisconsin is a difficult climate for business because of public

issues is the formation of working groups, with representatives of each partner in the supply chain present, each embracing the issue with responsibility, sound science and a unified front to consumers.

- DATCP's current proactive exploration of ways to enact an Animal Health ID program with traceback capabilities will ensure Wisconsin is advantageous to Wisconsin's agriculture industry. Should this type of program DATCP's current proactive exploration of ways to enact an Animal Health ID program with traceback capabilities is advantageous to Wisconsin's agriculture industry. Should this type of program become necessary for food safety assurance and trade purposes, Wisconsin's proactive approach will ensure delivery of a reliable system and results.
- Because Wisconsin is primarily a "value-added, animal agriculture" state, investing in a state-of-the-art veterinary diagnostic laboratory and meat laboratory at the University of Wisconsin—Madison is a priority. Wisconsin has a value-added agriculture advantage in its animal agriculture industry, and laboratories are essential to meet the industry's need for reliable, high-quality diagnostic services that are credible in the marketplace.
- The Secretary of the Department of Agriculture, Trade and Consumer Protection should appoint an industry task force to conduct a comprehensive review of food processing regulations to remove outdated regulations. If a particular regulation is not being enforced and its value is not justified, then it should be removed from state statute or administrative code. The taskforce should also review duplication of federal and state food safety regulations and make recommendations to streamline where necessary.
- A sunset provision should be attached to new food safety regulations to ensure policies and laws remain up-to-date and effective.
- The Governor should recognize achievements in food safety through an awards program based on the most consumer-focused, science-based initiatives.

Recommendation #6 Wisconsin's National Voice

Wisconsin needs aggressive representation at the national level.

The TASK FORCE heard many concerns about Wisconsin's effectiveness in addressing federal policy and accessing federal programs. Wisconsin will need more active voices on the national level to protect its interests. This includes elected representatives on the House and Senate Agriculture Committees, a visible and vocal Secretary of Agriculture, and university researchers who study impacts of proposed national policy on Wisconsin's food and fiber production systems. As food and fiber production becomes more global in nature, Wisconsin will not be able to exist in a vacuum.

The TASK FORCE believes that as competition for resources and funding grows more intense in Washington, DC, Wisconsin will need more influence with national and international decision-makers. The Governor's next biennial budget should provide additional funding for staff and office space in Wisconsin's Washington, DC office for agricultural interests. The percentage of income farmers are receiving in government subsidies is increasing and without a voice to express the concerns of Wisconsin's farm families on the national scene, the resulting damage to the state's economy could be dramatic. Wisconsin must establish a further national presence and respect, which will allow the state to participate in more national dialogue. Examples of national issues important to Wisconsin include:

- Milk marketing and Dairy Compact issues.
- Trade issues such as the importing of Milk Protein Concentrate (MPCs) will continue to be a national debate, the effects of which dramatically effect Wisconsin.
- Discussions about a national Animal Health ID program.

4. An inventory to be used by local governments in making decisions on "Smart Growth" or Comprehensive Planning.
5. Development of concise and consistent procedures.
6. Development of an education program for local officials on the value of farmland in the community and Wisconsin and options for preservation.
7. Collaboration with federal and local governments to share costs.
8. Partnerships with private organizations to ensure the best technologies available are used.
 - Smart Growth, or Comprehensive Planning, should include state funding and technical assistance for local governments to establish Agricultural Security Areas. Agricultural Security Areas, or ASAs, are incentives developed at the local level under state guidelines designed to keep agricultural land in agricultural production on a long-term basis. Encouragement to participate is provided to producers in the form of tax incentives or capital improvements on a property to ensure agricultural production remains long-term. If the ASA is violated, penalties are enforced. Exploration of such a proposal should be done on a pilot project basis in 3-5 counties. Financial incentives for land preservation will provide producers with value and commitment to their investment, while preserving green space and private land ownership. In addition, this approach to preserving green space allows for the retention of private land ownership for continued economic benefits as well as conservation.

One missing aspect of Smart Growth, according to the "State of Wisconsin Agriculture 2001" report by the University of Wisconsin, is lack of state mandates for agriculture land preservation (or at least goals and guidance). The state could provide each locality with land inventory information, preservation goals, technical assistance and education that would help localities save a targeted percentage of productive farmland. At the very least, the State should facilitate information and technical assistance, as well as education for local officials as to the value of farmland in the community and Wisconsin and options for preservation. These activities will make Smart Growth more effective on the local level.

- Review funds directed toward the Farmland Preservation program and consider diverting funds to support alternative, more permanent and targeted preservation programs such as Purchase of Development Rights, or the Agriculture Security Areas pilots described earlier.

Recommendation #5 Food Safety

Wisconsin needs to support the private sector's ability to provide food safety assurances to consumers.

The TASK FORCE also received many suggestions to improve Wisconsin's approach to food safety as an increasingly vital means to preserve market access for its production and to enhance Wisconsin's value-added image in the marketplace.

Wisconsin agriculture producers will play a larger role and share in the responsibility to provide food safety assurances to consumers. In the past, the primary responsibility for food safety fell on regulatory agencies, with a secondary responsibility falling on food processors. As our society has become more litigious, consumer concerns of food safety have turned more attention to the farm than in the past. Food safety initiatives are focusing on the entire process, from farm to table. Today, due to tracing technologies, identity preservation, and closer relationships between producers and processors, producers are assuming more responsibility for the safety and reputation of the product. Furthermore, consumer confusion over food-safety related concerns leads to increased demand for assurances. Among the most successful approaches to alleviating consumer concerns about these

Recommendation #4 Land Use

Wisconsin must inventory and plan for the preservation of land best suited for agriculture.

The TASK FORCE received numerous concerns and suggestions about land use issues. Among the TASK FORCE findings, Wisconsin has not inventoried or planned for the preservation of its best farmland. Wisconsin's long tradition of local control, as well as taking agriculture for granted without regard for its future, has set up a situation where master planning at the state level is politically difficult.

Prime Wisconsin farmland is endangered, as indicated by a recent comprehensive national study by the American Farmland Trust: Southern Wisconsin was found to be one of two most endangered areas of productive farmland in the nation. According to Bruce Jones of the University of Wisconsin, "The key question that needs to be answered when considering restrictions on the development of farmland is who will bear the cost of this public policy that is creating a public good—farmland." Some studies by the American Farmland Trust indicate that the public cost of developing land, in terms of increased municipal services, need for schools, and transportation infrastructure far outweigh the cost of farmland protection investments, such as purchase of development rights. A survey by the On Common Ground Foundation in 1997 indicated that the public supports preservation of farmland in Wisconsin: two out of three state residents believe it is very important to preserve farmland.

Two main issues plague Wisconsin's current Farmland Preservation Program: No inventory or targeted areas were used to direct funds to the most productive farmland; and tax relief benefits were not indexed for inflation, often making the net benefits of converting farmland to non-farm uses exceed the benefits of the Farmland Preservation Program credits. Also according to the UW report: While the new Smart Growth legislation will trigger another round of land use evaluation, the state has not tied any specific farmland preservation mandates, or even goals, to the process, nor has it educated and equipped local officials to make decision about the value of farmland to the community and the state economy. Therefore, in the hands of localities—some with little knowledge of options and little regard for the value of farmland—Smart Growth will do little to preserve Wisconsin's most productive farmland long-term.

According to the Wisconsin DNR, the State needs to inventory its agricultural land resources to identify those lands that are critical to the long-range health of Wisconsin's agricultural economy. An action plan to protect these lands for agriculture (and consequently wildlife and other recreational uses) needs to be developed. The results of this inventory can be used by local government in making its decisions on implementation of "Smart Growth." The cost of this inventory can be minimized if done in cooperation with USDA, which has already done some inventory, and private organizations such as the American Farmland Trust, which also has inventory studies available.

The TASK FORCE believes the following suggestions should be considered to better address land use issues and improves programs to protect farmland.

- The Governor should appoint a working group to identify, inventory, and develop guidelines for the preservation of land essential to the agricultural economy of Wisconsin. According to the Wisconsin Department of Natural Resources, Wisconsin needs to identify and inventory its soil resources to determine the best agriculture lands, which are critical to the long-range health of Wisconsin's agricultural economy. Membership should include, but is not limited to agricultural and environmental interests, federal, state and local officials, university researchers and private citizens.

Specifics of the working group include:

1. A mission to establish criteria for the long-term protection of Wisconsin's most valuable farmland.
2. An action plan and strategy to protect agricultural land.
3. Preservation goals for each locality based on soil identification.

eliminating sales tax of specified farm necessities. In doing so, agricultural inputs would be treated equally with inputs consumed in manufacturing and industry. Wisconsin is the only major agricultural production state that taxes farm supplies and therefore puts its producers at a competitive disadvantage.

3. To attract private investment in agriculture, the Governor should propose in the next state budget to support investments in agriculture through Agriculture Revenue Bonds. Agricultural Revenue Bonds are similar to municipal bonds, federal and state tax-exempt, and will ensure an adequate supply of capital and will guarantee an influx of new capital into agriculture. Ag Revenue Bonds could be sold as a type of exchange to investors that had sold agricultural land during the tax year. If they reinvested in these agricultural bonds, they could reduce the capital gains on the sale of their property dollar for dollar, similar to a 1031 exchange.
4. The Federal Small Business Administration (SBA) program is expensive and cumbersome. Wisconsin could create a State of Wisconsin SBA program that is streamlined and cost effective. Funds could be generated by producer reinvestment in a way similar to the previous example.
5. The Governor should support a private initiative called the Community Banks of Wisconsin Equity Fund: \$10,000,000 would come from real equity dollars in banks, and \$20,000,000 would come from the Small Business Administration (SBA) in guarantees. Legislation could engage the Wisconsin Housing and Economic Development Authority (WHEDA) in this program to implement a bond fund for use as equity for ethanol plants, bio-diesel facilities, wind generating farms, transmission lines, bio-mass digesters, agriculture expansion and exploration into new agricultural technology.
6. Wisconsin's Capital Gains and Recapture Taxes should be repealed for investors who sell an investment back to the farmer at a later date, similar to the related party exclusion that Wisconsin adopted in 1998.
7. Keep food safety and inspection fees competitive with other states. According to recommendations from the Department of Agriculture, Trade and Consumer Protection Food Safety Task Force in 1998, General Purpose Revenue (GPR) should fund at least 60 percent of all food safety administration and inspection programs. The Governor and Secretary of Agriculture should support and implement the Task Force's recommendations immediately.
8. Wisconsin regulations should not limit the ability of business and industry to provide market-driven choices to customers. For example, strict Wisconsin cheesemaking standards do not allow cheesemakers to offer products with different make processes and price points. In the case of mozzarella cheese, new technology discovered at the University of Wisconsin for an alternate make process could not be used by Wisconsin processors due to the strict Wisconsin cheesemaking standards for mozzarella. As a result, Wisconsin mozzarella makers lost business to other states because they could not offer their customers a choice of products at various price points. This is an instance where Wisconsin industry would be best served if government did not interfere with the demands of the marketplace.
 - Each agency conducts a regulatory review of relevant agency regulations every two years with input from agri-food industry representatives with a report back on key findings to the Governor and Legislature.
 - Each agency with regulatory connections appoints an agri-food ombudsman to be the lead agency liaison with the agri-food industry and who reports to the Governor on regulatory and business climate issues.

Finally, the State pays nothing until the plants are built, the jobs are created and the ethanol is produced.

- Aggressive development of a farm energy conservation Public Benefits program by the Wisconsin Department of Administration.
- The Governor should create an agriculture-energy working group, which can examine the feasibility of economic incentives such as tax credits, energy grants, price supports, low interest loans, and cost sharing for research, development and demonstration of clean, renewable fuels. The working group's mission should include the development of an agricultural energy benefits program.
- Fast track environmentally responsible siting of power plants and transmission facilities to support the needs of the food processing and cold storage industries.
- The Federal Government should encourage placement of wind turbines on Conservation Reserve Program lands and harvest switch grass for use in biomass fuel production.

Recommendation #3 Business Climate

Wisconsin must improve its tax and regulatory climate as it relates to agriculture and its related processing sectors, with the goal of stimulating and growing business.

Current tax and regulatory policies and programs are widely perceived to retard Wisconsin's ability to attract new agriculture, food and bioscience investments and are not designed to help strengthen Wisconsin's market position.

The TASK FORCE recommends the Governor establish an on-going Business Climate Improvement Process to help Wisconsin maintain and attract new investment in the agri-food and bio-science industry. Wisconsin needs to adopt a regulatory philosophy that continues to set high standards for food safety, animal health, natural resource stewardship and consumer protection. However, there needs to be more flexibility allowed for business to set the pathway for compliance, adapt to market place changes faster, and shift from a command regulatory style to problem-solving approach where regulators are active parts of designing solutions and preventing problems rather than being post-problem reactors. Policy makers need to balance regulatory needs against business competitiveness issues in establishing or changing policy and regulation while upholding Wisconsin's strong identity and image for high quality products. Specific recommendations and tasks include:

- Determine Wisconsin's ranking as a business location site from an agriculture system perspective and use results to benchmark ways to improve business attractiveness. This task should be undertaken by a third party (non-agency) with a clean lens.
- Make several changes in taxation or regulatory fees that affects agricultural businesses including:
 1. Investment Tax Credits of six to eight percent on a state level should be applied to specific purchases for both value-added processors and production agriculture. These might include new dairy technology or manure-to-energy production units, which would address environmental issues as well as competitive issues. Early adopters should be required to share information about the new technology with other producers. In the next budget, the Governor should include tax credits for agricultural producers and processors using identified new technologies that benefit agriculture, the environment and society. For example, an approved percent tax credit may go for Automatic Milking Systems or Anaerobic Digesters.
 2. Wisconsin agricultural producers should be exempt from sales tax on farm inputs. Originally recommended by the Dairy 2020 Program, the next state budget should include provisions

biotechnology capital in Wisconsin for the next century, similar to Silicon Valley or Research Triangle developments from previous decades.

The TASK FORCE analysis suggests that the Governor should support Tax Incremental Financing (TIF) Districts, reduced property taxes, business tax credits and permitting assistance for agricultural and bio-science based research businesses that are constructing or expanding in Wisconsin. Special areas or parks that include the benefits of locating in Wisconsin for agricultural and biotechnological firms are being developed to assist the businesses with growth and to limit the effects on neighboring communities.

The Governor should support bioscience industry development by establishing the following policies:

- A 6-member team for proactive assistance in placing interested agricultural and biotechnological businesses in Wisconsin.
- A 3-member team of bankers and investment professionals to secure financing for incoming businesses.
- A 3-member team of university staff to coordinate the exchange of secured and technical information from research institutions to biotechnology businesses.
- A 3-member education team to liaison between biotechnology businesses in need of employee education and training and the state's university and technical college system for development of educational courses and training programs.
- A 3-member team of college students who travel to high schools informing students of future scientific opportunities.
- A team to evaluate the ethical responsibility of biotechnology and to address public concerns regarding specific research of commercialization ventures.

The TASK FORCE considered energy issues and concluded that agriculture has an emerging role in meeting a portion of the state's energy needs through new technologies such as wind, methane and ethanol. Overall, energy resources in Wisconsin need to be examined to assess whether they can fully support a vibrant food and fiber industry. Wisconsin has increased its energy use by 2-3 percent each year. As a result, Wisconsin needs about 600 new megawatts per year (enough for 180,000 homes) to keep up with demand. Geography limits energy sources from the north and the east. Wisconsin has been slow to act in addressing increased demands. New technologies are making it possible for agriculture to participate in the solution through various renewable sources.

The TASKFORCE believes energy related initiatives need to be undertaken to support Wisconsin's future agriculture strengths. The Governor should further encourage production agriculture's emerging role in meeting a percentage of the state's energy requirements through new technologies.

- The current Wisconsin Ethanol Incentive Program housed in the Department of Agriculture, Trade and Consumer Protection should be modified to a sum sufficient payment appropriation, which would eliminate the requirement that DATCP prorate payments to producers. Also, the Program should be modified to provide payments to ethanol producers for the first 120 months of operation instead of the first 60. In addition, the sunset date for the program would be extended to June 30, 2013. Finally, the current program possesses a provision allowing the Department of Transportation to end the program if it is determined that federal transportation aids are decreased because of ethanol sales. Wisconsin's Ethanol Incentive Program provides each ethanol producer twenty cents per gallon of ethanol produced up to 15 million gallons or \$3 million dollars per year for a five year period. Guaranteed funding from the State would assist ethanol production substantially by allowing producers improved financial stability with creditors.

time, broaden funding for the Dairy 2020 Early Planning Grants to allow for next stage business planning.

- Increase the Agriculture Development and Diversification (ADD) grants to encourage producers and processors to invest in their markets and develop innovative new products and technologies.
- The Governor should host a roundtable of food processors annually to discuss Wisconsin's business climate and uncover what can be done to further assist their growth and profitability in Wisconsin. This is not a costly activity, but sends a message that we are listening to the needs of the processing industry in Wisconsin.
- Given the emergence of regional economies, the State of Wisconsin should actively cooperate with the Agriculture Value Growth Foundation in Iowa and other regional organizations to create a global marketing effort that establishes the Upper Midwest as a world food production capital. Goals of this effort should be locating processing facilities and production in Wisconsin and pooling resources to address major food safety, consumer and animal health issues. The Governor should initiate contact with Iowa's Agriculture Value Growth Foundation as soon as possible, but assign ongoing relations to the Department of Agriculture, Trade and Consumer Protection's Division of Marketing. Funds should be allocated in each budget for participation in activities and events promoting Wisconsin and the Upper Midwest.
- Wisconsin agriculture and food production leaders should increase their presence at the annual Governor's Conference on Business, rather than having a separate conference for agriculture. This goes to our point that agriculture is a business and its issues should be recognized right along with other industries' issues. The Governor's Conference on Agriculture is an acceptable forum to promote agriculture, but does not have the influence of the Governor's Conference on Business. Agriculture/food/bioeconomics could be the theme of a future Conference(s), or agriculture could have a specified day or part of the Conference on a yearly basis. The recognition of agriculture and all its related sectors as a core business is essential to the survival of the industry in Wisconsin.
- Consider revamping Wisconsin's image from simply "America's Dairyland" to an all-encompassing theme recognizing the broader agriculture industry (Iowa's new theme is "Food Capital of the World."). The theme should link Wisconsin's quality food production with its quality of life. To encourage public support and input, the Governor could recommend a contest to determine the state's new slogan with a monetary prize to the winner. (This contest should only happen after public education about the significance of agriculture to the State has taken place.)

Specific Bioscience Opportunities

The biotechnology and bioenergy industries offer a strong opportunity for Wisconsin's future economic growth. State government should aggressively support its growth and the University System should play a lead role in encouraging in-state commercial development from scientific activities.

The TASK FORCE reviewed Wisconsin's progress in bioscience development and it believes that Wisconsin's biotechnology industries are a strong platform for economic growth and development in Wisconsin that is beneficial to agriculture. Governor McCallum's Bio-Star initiative views biotechnology as a strong opportunity to grow agriculture and the state's economy. Wisconsin has an excellent university system and a substantial and diversified animal agriculture base, which would supply biotechnology businesses with the raw materials necessary for success. The goal is to create a

and improve economic stability and expand trade and business relations. Any potential loss of business infrastructure would leave Wisconsin agriculture in a serious disadvantage to other states. Wisconsin is currently losing new investment in Wisconsin cheese and dairy plants to Western states. Wisconsin's dairy plants are concerned about the future adequacy milk supply compared to Western states. The modern production facilities in the West are inviting to new plant investment. This is problematic for Wisconsin with its relatively large number (18,000) dairy producers.

Specific examples of frustrated processing initiatives that resulted at least in part from the State's inability to meet the needs of business:

1. One major cheese manufacturer expanded four times outside the state of Wisconsin in the 1990s. An executive with the company told the task force, "We cannot make capital investments in a state that often regulates based on emotion rather than science."
2. A joint venture to build a \$230 million cheese-processing facility fell through largely because of a lack of a satisfactory financing package from the Department of Commerce, according to testimony during Wisconsin's Growing Agriculture Task Force Hearings.
3. At the production level, Wisconsin taxes farm inputs and does not equate farm inputs with manufacturing inputs as other states do.
4. DATCP's Food Safety Division is prepared to increase fees on dairy and food industries in July, 2003, despite the 1998 DATCP Food Safety Task Force's recommendation that general tax revenue pay for 60 percent of the program administration. Wisconsin's dairy producers and processors already pay higher fees than in most other states, rendering Wisconsin a less competitive place to locate a food processing business.

In its discussions with industry, the TASK FORCE observed that there is consistently limited cooperation between state government agencies to retain and recruit food and fiber facilities and investors to Wisconsin. This fact is limiting the state's ability to compete for agriculture markets, especially value-added markets. Although state government does possess the tools to retain and recruit businesses, Wisconsin's approach is not as aggressive as other states. Many other states possess coordinated and aggressive agencies and staff with the mission to retain and recruit multiple businesses each year. Wisconsin businesses need incentives and assistance with retooling to remain competitive in today's global market. Recruitment of business must be creative and focused with financing packages and hospitable invitations from government leaders.

- The State must embrace the trend of business consolidations making Wisconsin and U.S. industries more efficient and globally competitive. Because of consolidations, it will be even more important to develop strong relationships with companies located in the State. Further attempts by state government to recruit businesses to Wisconsin will shape the state's economy because there will be fewer "headquarters" and facilities for which to compete in the future. A window of opportunity exists to establish Wisconsin as a food and fiber production capital before the next round of consolidations takes place. The state must be prepared.
- Establish a Governor-led commission to recruit agriculture businesses to Wisconsin. The commission should first research any barriers. The commission could be an arm of Forward Wisconsin, which has identified food and biotechnology as key areas for improved marketing. Despite Forward Wisconsin's identification of this potential, to our knowledge it has not been active in implementing a plan.
- To encourage milk production capacity, continue Dairy 2020 grants for business planning (600 grants awarded—75% of applicants are awarded); continue funding Dairy 2020. Over

Summary of Public Input, Task Force Analysis and Recommendations

Recommendation #1 Increased Coordination

Structured changes that encourage greater cooperation among state agencies will create a strong vision for Wisconsin's agri-food industry and improve the state's ability to keep and recruit agricultural business in Wisconsin.

This recommendation addresses the need for on-going leadership and a forum to oversee the alignment of state efforts and resources, create a vision for the industry, and help strengthen Wisconsin's agri-food sectors. The purpose of this recommendation is to help Wisconsin's public agencies and organizations align with agriculture industry needs in order to better utilize existing programs, maximize resources and better focus on new initiatives. Public agencies and the private sector should be full partners in jointly developing the future economic base in the agriculture sector. The question is how to do this most efficiently.

The Task Force recommends that there be a mechanism, such as a Governor's council, comprised of a small but representative body of the agriculture, food, fiber and bio-science sectors as well as public agencies, established by the Governor. This on-going mechanism is needed to serve as a focal point and forum to oversee the implementation of Task Force recommendations, to develop the policy and program details associated with longer term agriculture industry development needs, and to be engendered with the necessary authority to help government adapt to policy, institutional, and programmatic needs of a growing agriculture industry. The specific mechanism should focus on developing measurable goals and strategies to help Wisconsin food, fiber and bioscience sectors with the following aspects of growth:

- improved market access opportunities,
- technology development and research and development support,
- production systems integrity including food safety, animal health and environmental stewardship,
- issues anticipation,
- informational systems, and
- entrepreneurial capacities including youth education and leadership.

This mechanism should emphasize not only the "think" aspect of a think tank type entity, but also help drive action--the "do" part. This effort will require staffing that should be able to be generated from within existing agencies and public organizations. It will also require annual or semi-annual forums with agriculture, food and bio-science sector input to discuss business climate issues and continuing needs for actions which assist growth and profitability in the agriculture, food and bioscience sectors.

This recommendation might be implemented with an executive order and a set of memorandums of understanding between agencies and organizations whose program and resource coordination is needed to accomplish the ambitious agenda being called for by the Task Force.

Recommendation #2 Business Development

The TASK FORCE heard repeatedly from the agricultural industry that Wisconsin must create a more competitive climate for business and industry.

Agricultural businesses are leaving (or not choosing Wisconsin) Wisconsin for better opportunities in other states. Through reduced business taxes and modified regulations, Wisconsin could strengthen

of public sentiment for old production methods, support for policies based on emotion rather than science, and nostalgic sympathy for the "small family farm." The Wisconsin public needs to understand modern farming practices, modern environmental compliance, and the commercial potential of new science. Elected officials need to understand the importance of agriculture industry when weighing budget priorities.

- ✓ **Many of the public and private educational institutions that have been built around Wisconsin agriculture were designed for a more linear and static supply system based on emerging industrial-mechanical technologies and comparatively stable markets.** There needs to be a renewed look at whether the institutions, and their many programs, are designed to help producers meet new competitive market realities. Also, we need to examine whether the missions of these institutions are aligned and coordinated to serve effectively and efficiently an increasingly market driven agriculture sector that calls for constant innovation and dynamic response to market changes.
- ✓ **It is becoming increasingly evident that the University and University Extension are doing good work, but struggle with outreach of applied information that meets the needs of producers and processors in our food and fiber system.** As Wisconsin agriculture retools and responds to market conditions, UW-Extension specialists find themselves in the position of providing information to agricultural operations of many different sizes, numerous commodities and multi-levels of sophistication. Programs that enhance business sophistication, knowledge of markets, and public/community relations skills will help producers deal with the pressures of farming amidst urban encroachment and in an increasingly competitive, global economy. Again, the Task Force encourages public-private partnerships and coordination among government agencies in the design of any new programs.
- ✓ **Agricultural producers have an emerging role in meeting a portion of the state's energy needs through new technologies such as wind, methane and ethanol.** Overall, energy resources in Wisconsin need to be examined to assess whether they can fully support a vibrant agriculture industry. Wisconsin has increased its energy use by 2-3 percent each year and consequently, Wisconsin needs about 600 new megawatts per year (enough for 180,000 homes) to keep up with demand. Unfortunately, geography limits energy resources from the north and east. New technologies are making it possible for agriculture to participate in the solution.
- ✓ **Wisconsin's unique and plentiful water, coupled with the need to expand animal agriculture to large-scale production methods, creates increased tension that can be avoided with sound science and communication.** Large-scale animal agriculture can coexist with water resources and nearby urban development if technologies are employed and regulations are followed. Expanding herd size is an economic reality for livestock producers in Wisconsin yet farmers who are contemplating new site construction or expansion of existing facilities to meet economic realities or needs, find the road to expansion paved with resistance. Wisconsin's agriculture businesses, which must compete in a global market, are largely at the whim of local governments.
- ✓ **Wisconsin will need voices active on the national level to protect its interests.** This includes elected representatives on the House and Senate Agriculture Committees, a Governor who supports a strong agriculture economy, a visible and vocal Secretary of Agriculture, and university researchers who study the impact of proposed national policy on Wisconsin's agriculture production system.

- ✓ **There will be increasing demands on farmers to choose among business approaches.** Generally these approaches include: meeting consumer needs more directly in a short marketing chain; devoting efforts on being a part of a strong “identity-preserved,” high quality supply chain in a longer processing-marketing chain; or broadening incomes from enterprises that focus on recreation, tourism, nature preservation or other multi-functional possibilities of land use and entrepreneurial talents. No matter which approach is chosen, all producers will need enhanced business and financial planning skills in addition to their production abilities. There will be renewed movement by farmers as entrepreneurs to move vertically in ownership of parts of the processing-marketing-distribution supply chain via cooperatives, LLCs, and alliances in order to capture added value and reduce costs.
- ✓ **Wisconsin must focus on offering a favorable business and regulatory climate that is attractive to both farmers and to processor-marketers.** Having Wisconsin seen by both its current processors and producers, and prospective processors and producers, as a prime location for business investment will go a long way towards rebuilding the agriculture industry towards full potential. If this issue is not addressed and our processing infrastructure leaves, large-scale agriculture cannot continue in Wisconsin.
- ✓ **Wisconsin will need a coordinated effort to keep and/or recruit business to Wisconsin.** Specific examples reveal limited cooperation and effort among various state agencies to retain and recruit modern agriculture facilities and investors to Wisconsin. To build Wisconsin’s agriculture industry, government must provide incentives and assistance for expansion and retooling and create financing packages to encourage growth. In an increasingly competitive global market, regional economies are developing across state lines and international borders. Wisconsin should consider joining with other Midwest states to develop an Upper Midwest food production capital. Furthermore, Wisconsin can take the lead in building research expertise and business opportunities for entrepreneurs in biosciences, serving health and pharmaceutical needs. Research points to this field as a key economic development opportunity for the state.
- ✓ **Wisconsin’s agriculture industry will play a larger role and share in the responsibility to provide food safety assurances to consumers.** In the past, the primary responsibility for food safety was delegated to regulatory agencies, with a secondary responsibility falling on food processors. As our society has become more litigious, consumer perception of food safety has turned more attention to the farm than in the past. Food safety initiatives are focusing on the entire process, from farm to table. Today, due to tracing technologies, identity preservation, and closer relationships between producers and processors, producers find themselves shouldering more responsibility for the safety and reputation of the end product. Furthermore, consumer confusion over food-safety related concerns leads to increased demand for assurances.
- ✓ **Wisconsin’s increasing urbanization in the key corridors of the state—namely Madison-Milwaukee, Milwaukee-Chicago, Eau Claire-Twin Cities, and Fox River Valley will continue to increase its claims for prime farmland and create community conflicts over land use.** Agriculture fits Wisconsin’s natural resources and economy very well but vast improvements in how land use is planned and decisions are made are needed to ensure a healthy and strong agriculture system in Wisconsin. Wisconsin citizens will need to see their choices extend beyond the backyard and beyond the lens of the large vs. the small farm when there are opportunities for both. They will need to see how their choices affect the identity and future capacity of the state to be a place of esthetic pleasure as well as a leader in preserving a strong and diverse agriculture character.
- ✓ **Wisconsin is experiencing a dwindling appreciation for agriculture production and processing, its contributions to the economy, and the need to re-invest in our aging infrastructure.** Producers are frustrated by urban encroachment and lack of understanding of modern production methods, even when those methods comply with all proper regulations. Processors claim Wisconsin is a difficult climate for business because

Emerging Social and Economic Trends

Huge economic forces are at work nationally and globally that call upon Wisconsin to do more and to do better in order to provide opportunities for Wisconsin's farmers, citizens and communities.

Wisconsin is fortunate to possess a strong value-added component in its dairy and livestock economy. But rapidly consolidating food manufacturing and food retailers are reducing traditional market access for Wisconsin. More and more the entry ticket to major market segments require specialized supply systems, sophisticated information and logistical technologies, low cost production and bio-science oriented technologies. Adoption of all these require large amounts of capital and rapid adoption of new technologies and practices. Concerns over safe food are driving some of these system needs while cost reduction and meeting tailored customer requirements are driving other developments.

Opportunities for direct marketers in local and regional markets where consumer preferences for being close to the producer are on the rise. Accessing these markets provides a different set of challenges to the producers. Supporting this entry in agriculture is an important part of the entrepreneurial future of Wisconsin's rural and agricultural life.

Key consumer and social trends will drive how Wisconsin's agriculture industry should practice its business in the future:

- ✓ The increasing demand for safe food with all of the qualities of "naturalness," taste, and convenience.
- ✓ The increasing desire to know from where food originates, how it is produced and the ability to trace back food and food ingredients, and even raw material inputs used, thereby affecting the chain of transactions from farm to the consumer's table.
- ✓ The increasing expectation that the quality of nature and landscape be preserved.
- ✓ The competitive nature of and consolidations within the food and fiber processing sectors.
- ✓ The challenge of adoption and acceptance of changing technologies that allow more and more applications of agricultural resources to multi-functional purposes including non-food industry developments in the bio-economy such as agri-energy production.

The expected continuation of these social and economic forces mean that:

- ✓ **Wisconsin will experience continued evolution in farm size diversity.** The number of larger farms will increase as a result of the need to modernize, to enable competitiveness in major commodity markets and enable new family members to enter the business. Larger commodity farms—dairy and livestock, cash crops and specialty crops—will integrate into tightly linked supply systems associated with end use buyers. Smaller farms will focus on specialty production and local but diversified markets—many tourism and artisan related. Middle sized farms may act cooperatively through new or existing cooperatives, limited liability corporations (LLCs), and alliances to add value to their resources by attempting to operate at a larger scale horizontally as well as vertically in the supply-marketing chain.
- ✓ **Wisconsin has inherent advantages for dairy and livestock production combined with unique geography conducive to diverse specialty crop production.** Increasingly the competitive advantages for Wisconsin will be defined by the ability to be innovative in business strategy, the ability to reduce costs of production, use of technologies, production system integrity, image, entrepreneurship, market access, and enabling policies of Wisconsin government and Wisconsin citizens.
- ✓ **Consolidation of agri-businesses and food and fiber firms will continue and create added challenges for the Wisconsin agriculture sector to maintain market access.** Innovations in the use of capital, technologies, research and development and new organizational structures will be increasingly important to maintain market access.

The TASK FORCE offers three visions for Wisconsin that could result from the choices we have before us:

We do nothing. Wisconsin's agriculture economy continues an economic slide. Farmers continue to look for annual government subsidies. Farm numbers continue to decline. The conflict between large and small farms grows and urban sprawl continues. Major processing plants continue to shut down because of a lack of supply, or because of more prosperous production to other states. Regulations continue to obstruct expansion of many processors. Wisconsin loses its place as an agriculture capital.

We do something. Large farms become the norm of Wisconsin's landscape. The State's agriculture producers and food processors compete, but many struggle financially. The decision by many to end their long-standing tradition of agriculture involvement looms near. A siting and location process is present but only moderately successful and others have found more profitable locations in other parts of the U. S. Land use decisions are dependent on the abilities of local individuals and governments because no statewide plan has been implemented. In small communities of fewer than 3,000 people, residents must travel out of the area to purchase consumer items.

We implement all the Task Force recommendations. Wisconsin's agriculture market share improves each year. Farming operations of all sizes discover the economic importance and strengths of multi-sizing. Farms with a substantial asset investment are producing all types of products and have become competitive in selling commodity products throughout the United States and to many global markets. Farms with modest to medium farm asset investments have courted organic and special added value markets for increased value to their products. The Wisconsin landscape is thriving with preserved green environmental sanctuaries and well-designed ecological productive farms. Well-planned communities and business developments have blended into the Wisconsin landscape. There are multiple farms and plants using and producing alternative fuels, helping to keep the air clean and the United States less dependent on imported oil. Wisconsin has embraced Biotechnology as a viable and profitable enterprise for the future. There is a credible and efficient process between governmental agencies designed to assist business firms to locate in Wisconsin. A close working relationship exists between the educational system and the agriculture industry. Employment opportunities are plentiful throughout the agriculture system, from research to production to processing and marketing. Wisconsin is world-renowned as a leader in agriculture production. Wisconsin's citizens are proud of their accomplishments in regaining the top spot in the agriculture economy.

The TASK FORCE encourages government to embrace all components of this report, to communicate all it has to offer, and to be a catalyst for achieving our vision.

importance of on-farm production and agricultural processing. Clearly, the two parts of Wisconsin agriculture are mutually dependent upon each other.”

Therefore, for the purposes of this report, the TASK FORCE defines and refers to agriculture as the “agri-food and bioscience industry.” We encourage our industry as well as Wisconsin policy makers to do the same. Now is the time to unite our various sectors, to meet the challenges ahead and to better serve our end consumers.

Government’s Role: Lead and Remove Barriers

Many indicators show Wisconsin stagnating agriculturally in the past 15-20 years. For example, Wisconsin’s largest agricultural sector, the cheese industry, enjoyed a nearly 40 percent share of the national cheese market in 1975. As of 2000, Wisconsin’s share has slipped to 26.55 percent. But Wisconsin’s agriculture industry is poised for numerous opportunities in the future if positive and progressive actions are taken. The TASK FORCE believes that these actions should be led by the private agriculture sector and its related private processing sectors, which comprise the state’s largest economic sectors. The actions should be *enabled* by government through visionary leadership and more intense and focused work that will grow Wisconsin’s agri-food and bioscience industry.

During TASK FORCE Public Hearings (summarized later in this report), individuals, organizations and interest groups provided their ideas for growing Wisconsin agriculture. Unfortunately, many solutions called for significant amounts of state funding. The TASK FORCE is troubled by this on two counts: 1) It does not reflect the realities of the current state budget, and 2) does not challenge our food and fiber industry leadership enough, to look beyond increased funding and programming for innovative solutions which streamline performance in response to market needs. The TASK FORCE believes that true leadership in the agriculture sector can accomplish much without increasing budgets. Moreover, many of our most progressive agriculture producers and food processors testified that, in many ways, government would do a greater service if it would simply “remove barriers that keep industry from advancing.”

The TASK FORCE does not advocate agriculture be removed from consideration for more funding or programming in the state budget. It is our state’s largest industry and is crucial to the state’s overall economic vitality (See “Why Invest in Wisconsin’s Food and Fiber Industry?”). Ignoring the industry and reinvestment would allow it to further decline, and it would be difficult to retool or recruit any industry of this magnitude to replace the loss. But much consideration should be paid to creating a vision, uniting the various industry sectors, improving regulations, enhancing programs and better use of existing funds.

The TASK FORCE believes that government programs should be measured on how they either increase incentives or remove obstacles to allow the agriculture sector to conduct business more effectively and meet consumer and public needs in a socially responsible manner. We believe government should set a clear vision for Wisconsin’s agri-food and bioscience industry, remove barriers to competitiveness, help unite the industry around this vision, and measure the performance of government programs designed to grow the industry.

Creating a Vision for Wisconsin’s Agri-Food and Bioscience Industry

On the present course of Wisconsin’s agriculture industry, we see continued stagnation and decline in many current production and processing sectors. This truth might be difficult to accept, but it must be accepted to initiate change. With the TASK FORCE’s recommendations, we see economic vitality rooted in entrepreneurial businesses and an enabling government. We see agriculture taking responsibility for sound use of natural resources, for use of technologies that support safe food and strong environmental management practices, and for providing products in the variety and quality that consumers want.

This path is new... it requires more of Wisconsin’s farmers, processors, related businesses, public and private organizations, together with our non-farm neighbors, all working together as one industry for the benefit of the entire Wisconsin economy.

Introduction

Many people in Wisconsin talk about the need for modernization and renewal of Wisconsin's agriculture. Farmers, agribusinesses, and many state citizens are concerned over the decline in the number of Wisconsin farms and the loss of critical farmland. There are struggles over land use decisions in increasingly urban and suburban settings across the state. In addition, there is a lack of understanding among the public of what is required to "modernize" Wisconsin's agriculture and ensure that it has access to diverse markets for its abundant and diverse agricultural resources well into the future.

Wisconsin cannot afford to be stuck in the debate over agriculture's past or whether it is a business or a "way of life." Agriculture is a business facing problems similar to those of any other business. Granted it is a very unique business steeped in heritage and dominated by people who love their lifestyle, and who produce quality products renowned the world over.

Growing Wisconsin Agriculture Task Force

The Growing Wisconsin Agriculture Task Force (referred to henceforth as TASK FORCE) was charged by then Governor Tommy G. Thompson to assess Wisconsin's current situation and to develop recommendations that focus on building a healthy future for agriculture.

This report to Governor Scott McCallum was compiled by 13 members of Wisconsin's Growing Agriculture Task Force, which was established in April 2000. The TASK FORCE's charge was to, in summary, suggest ways to grow the agriculture industry in Wisconsin. During the past 18 months, the Task Force has gathered information, held public hearings, and synthesized information presented by various agriculture and food industry leaders.

Keeping in mind that agriculture is a business, the TASK FORCE evaluated government's role as a supporter of this business based on agriculture's merits and potential. Wisconsin is fortunate to have a Governor, who is a trained economist and who understands the potential and opportunities available to agriculture, as laid out in this report. The TASK FORCE respectfully requests Governor Scott McCallum to accept the TASK FORCE's analysis and implement the recommendations to help strengthen and expand Wisconsin's agricultural and related industries.

The Broad View of an Agricultural System

The TASK FORCE believes that agriculture, and, indeed, the entire food and fiber processing and support system, is crucial to Wisconsin's overall economy. In order for production agriculture to reach its full potential in Wisconsin, we must view it and analyze it as a whole system—from the farm to the consumer—with all of the supplier-processing-marketing-distribution links in between. The scope of agriculture today ranges from food markets to the production of raw materials for fibers, biochemicals and renewable energy, to using land resources and entrepreneurial talents for recreation-tourism businesses, and for natural habitat and space management. All of these areas represent sources of value-added dollars for agriculture and help fuel the overall Wisconsin economy.

We miss opportunities if we think and speak of Wisconsin agriculture simply as farm-level activity. We can create a much more accurate—and exciting—picture of Wisconsin if we describe agriculture as an "agri-food and bio-science industry," encompassing an entire dynamic system, employing thousands and touching the lives of nearly every Wisconsin citizen.

Furthermore, the production agriculture sector itself can benefit by finding ways to connect with the processors and marketers of its products, joining forces to meet the new realities that require it to better connect with consumers and the non-farm public.

University of Wisconsin economist Steven Deller encourages this broader view of agriculture: "While on-farm production is clearly economically significant, agricultural processing represents a substantially larger share of the agricultural industry in Wisconsin. When discussing potential policies targeting agriculture, however, it is important to avoid the circular debate between the relative

- Farm size-neutral decision-making.
- Public education about agriculture, food and bioscience.
- Animal agriculture and the environment.
- Educational system improvements.

The Task Force believes that these recommendations identify direction for Wisconsin's agri-food and fiber industry and some of the specific enabling steps that government can take to help Wisconsin's agri-food and fiber industry to be recognized as a world leader.

In order to facilitate implementation of its recommendations, the Task Force asks the Governor to institute a process for state agencies to identify their plans for adopting Task Force recommendations and to create an opportunity to review the process after one, three and five years. The process of reviews should include input from agricultural industry representatives to obtain their views on the state's program.

If this serious work is not done soon, our farm production base, our processing and related industries, and our farmland resources, will decline past our ability to remain in a nationally strong position.

Wisconsin citizens will and should have a voice in the kind of agri-food and bioscience industry to be found in Wisconsin's future. One of the roles of government is to ensure that a dialogue with citizens occurs over the choices involved in modern industry, that communications about issues are objective and soundly based, and that, when more information is needed, to help ensure that it is forthcoming. A strong vision and strong leadership is needed in Wisconsin to bind together producers, processors, agri-businesses, institutions and citizens toward a public-engaging look at the opportunities and problems that face it.

The TASK FORCE recognizes the need for the agriculture sector to increasingly involve the public, especially at the local community and local government level, in a constructive dialogue on farming that fits Wisconsin. We encourage input and seek support for this industry from our non-farm citizens.

- 1) DATCP should assist in consultation with the animal and livestock sector with the development of an animal identification system that meets industry needs as well as regulatory needs. The specific system should be industry led so that market driven traceability and production standards can be used to help Wisconsin stand out in "identity preserved" production while providing DATCP/US Department of Agriculture (USDA) and producers protection in safeguarding production integrity in the livestock sector.
- 2) DATCP and the UW System should cooperate with industry in building a world leading animal health diagnostic laboratory in Wisconsin to uphold the integrity of animal and livestock production system and support increased access for Wisconsin's livestock base in US and world markets.
- 3) DATCP, DNR and the UW System should cooperate with producers to build a world class environmental applied research and producer learning program in order to improve environmental management and performance. The programmatic vehicle for accomplishing this objective is to fully fund through state, federal and private sector, the Wisconsin Agriculture Stewardship Initiative (WASI), including Discovery Farm research, the UW—Platteville Pioneer Farm for environmental systems research, and specific component research within the UW system. The program needs to be producer led and ensure strong information and knowledge building among producers.
- 4) DATCP and DNR should move toward a legal and regulatory system that allows producers and processors the ability to meet regulatory environmental performance standards without regulatory prescription. This approach would allow businesses the flexibility to find their own best method to meet the standard, agree to do so in a contract, and be held responsible for meeting the standard. It is important that this recommendation be complemented with tax or other cost-sharing incentives for environmental management and that opportunities for market derived value be created through labeling and certification systems to the extent that market forces allow it.

Recommendation #6 Wisconsin's national voice.

This recommendation addresses the need for Wisconsin to keep a strong and active voice in federal policies and programs that so strongly affect the agriculture sector.

The TASK FORCE recommends there be an on-going process to establish a public-private agenda to affect federal policies and programs in a coordinated manner in order to best leverage, protect and enhance the investments being made in Wisconsin's agriculture sector. Specifically this process should focus on the following areas:

- 1) Traditional farm policy, including Farm Bills where input on commodity and dairy programs and policies can affect the equity of benefits and impacts on Wisconsin's agriculture sector.
- 2) Programs that affect food safety, animal health, crop health and the environment and conservation.
- 3) Programs and federal budgets that could provide resources through grants or other funding arrangements to support more aggressive research and development, value-added agriculture development, and other innovations to support growth and a market edge for Wisconsin's agriculture industry.
- 4) Trade policies that affect Wisconsin's access to export markets or are counter to fair trade.

The remaining four recommendations, detailed in the full report, address:

Recommendation #4 Land use.

This recommendation addresses the need and goal to improve the process of resolving land use related issues affecting the agri-food industry. Citizens, local officials, and agri-food operators need to come to a better understanding of land use choices, institute better planning and more consistent regulations to preserve farmland and enable responsible business growth.

The Task Force recommends that a new, more comprehensive approach to land use and decision making related to agri-food be undertaken so that local citizens and local government officials have a better understanding of the opportunities in agriculture, the choices that are available to plan for agriculture in ways that are compatible with surrounding landscape, and the need to preserve prime farmland.

- 1) Inventory prime farmland so that prime farm land can be targeted for preservation.
- 2) Expand land use inventory for soil and agriculturally related land use types to better facilitate local government land use planning.
- 3) Offer county and township officials specific training programs designed to protect farmland and to help enable a diverse variety of agricultural enterprises to operate with local official understanding and community support.
- 4) Continue use of a DATCP ombudsman to facilitate the process of resolving land use issues at the local community level.
- 5) Establish alternative conflict resolution options (mediation) when communities struggle over land use issues.
- 6) Develop a menu of targeted program options to assist local authorities to retain farmland in farming. Pilot programs such as "Agriculture Security Areas" have been successful in states such as Michigan and could be developed in Wisconsin counties willing to participate in such a pilot.
- 7) Establish alliances with private non-profit organizations such as American Farmland Trust to help provide policy ideas and program resources to improve farmland preservation capabilities and results.
- 8) Complement land use planning and decision making support with industry specific best management practices and environmental management systems for agricultural environmental performance. Performance standards need to be designed in consultation with industry groups. Best management practices and environmental management systems are needed to afford local governments flexibility in how they regulate agricultural facility siting, especially livestock. DATCP and Department of Natural Resources (DNR) should cooperate to develop mechanisms and incentives to allow specific industry groups or individual businesses to expand voluntary compliance with state environmental standards.

Recommendation #5 Food safety.

This recommendation addresses the need for the private sector to provide safe, high quality food. Innovative systems and regulatory approaches that are necessary for increased access to the diverse markets that Wisconsin's agri-food sector can serve locally, nationally and internationally and provide value-added potential in those markets served.

The Task Force recommends that government agencies and the University encourage and enable the private sector to uphold and build upon Wisconsin's image and identity for safe food, sound environmental practices and quality products and bolster these initiatives with a strong public sector commitment to food safety, healthy animals, and environmental quality. Specific recommendations include:

needs to be more flexibility allowed for business to set the pathway for compliance, adapt to market place changes faster, and shift from a command regulatory style to problem-solving approach where regulators are active parts of designing solutions and preventing problems rather than being post-problem reactors. Policy makers need to balance regulatory needs against business competitiveness issues in establishing or changing policy and regulation while upholding Wisconsin's strong identity and image for high quality products. Specific recommendations and tasks include:

- 1) Determine Wisconsin's ranking as a business location site from an agriculture system perspective and use results to benchmark ways to improve business attractiveness. This task should be undertaken by a third-party (non-agency) with a clean lens.
- 2) Make several changes in taxation or regulatory fees that affects agricultural businesses including:
 - a) Create investment tax credits or accelerated depreciation for updating facilities and for adopting new value-added technologies in the agriculture sector. These investment tax credits should be directed to plant and equipment associated with the modernization of farms or processing plants. Investment credits for dairy farms should emphasize cost-reducing and modernizing tools such as parlors, freestalls, new grazing technologies and manure handling technologies such as methane digesters, solid separators, and odor control systems.²
 - b) Create investment tax credits for costs of research and development that are geared to new products and new market access.
 - c) Create and support tax credits for adopting food safety, animal health and welfare, and environmental stewardship practices.
 - d) Eliminate sales taxes on farm inputs that are equivalent to sales tax exemptions in other competing states and comparable to sales tax exemptions in other Wisconsin industries.³
 - e) Create and support an Agriculture Revenue Bond Program to attract private investment. Agriculture Revenue Bonds are similar to municipal bonds, which are state and federal tax exempt, and guaranteed investment in agriculture.
 - f) Keep food safety and inspection program fees competitive with other states.
- 3) Each agency conducts a regulatory review of relevant agency regulations every two years with input from agri-food industry representatives with a report back on key findings to the Governor and Legislature.
- 4) Each agency with regulatory connections appoints an agri-food ombudsman to be the lead agency liaison with the agri-food industry and who reports to the Governor on regulatory and business climate issues.

² Michigan recently enacted the "Agricultural Renaissance Zone" Program to stimulate investments in new value-added agricultural processing. The program requires communities to approve a project and once that occurs, the following taxes are eliminated: personal income tax, single business tax, state educational tax, real property tax, personal property tax, local income tax and utility users tax.

³In August, California passed legislation designed to make California more competitive with other agricultural states. When implemented in September and October, the legislation will permanently eliminate the state sales tax on the rental, lease, and purchase of farm and forestry equipment, including replacement parts, used in the production and harvesting of agricultural commodities. The law also eliminates the state sales tax on diesel fuel used for farming and food processing and all state and local taxes on propane, which is used by many rural residents in California.

- 2) Continuation of Dairy 2020 grants and increased funding allocations for program within the Department of Commerce for professional planning assistance to producers. The program has awarded 700 grants to date with an estimated annual input of 1 billion pounds of milk. The program benefits help farmers modernize but also provide additional milk that processors need to function at higher operating capacity.
- 3) The Governor should host a roundtable of food processors annually to discuss Wisconsin's business climate and uncover what can be done to further assist their growth and profitability in Wisconsin. This is not a costly activity, but sends a message that we are listening to the needs of the processing industry in Wisconsin.
- 4) Incorporate agriculture development into the University of Wisconsin (UW) Research Park portfolio and develop additional plans for agri-food business parks in strategic areas across the state to stimulate the agri-food sector to take commercial advantage of the emerging bio-science developments in the UW system.
Support Tax Incremental Financing (TIF) Districts, reduced property taxes, business tax credits and permitting assistance for agricultural and bio-science based research businesses that are constructing or expanding in Wisconsin. Special areas or parks that include the benefits of locating in Wisconsin for agricultural and biotechnological firms are being developed to assist the businesses with growth and to limit the effects on neighboring communities.
- 5) Increase the research and development and commercialization support for using agriculture's raw materials for renewable energy production and for biochemical manufacturing. A vehicle for accomplishing this outcome may be through Department of Administration's (DOA) public benefits program. Also, complete funding of incentives for ethanol producers would further develop Wisconsin's promising alternative fuels industry.
- 6) The Task Force believes that the UW-System should be much more active in transforming its research into commercial business opportunities for the agri-food industry. One way to do this is to develop a program similar to the Wisconsin Agricultural Research & Development Initiative, or WISARD¹ program, which allows more applied research to be done in the University and Technical College System under the direction of the agriculture sector, would further meet the needs of and improve input from agricultural interests. The purpose of WISARD is to harness university expertise to applied development needs of the agriculture sector. If there are not state dollars to fund such applied research, faculty and staff seek research for which dollars are available, which may or may not serve the agriculture sector's applied research needs.

Recommendation #3 Business climate.

This recommendation is designed to address the need and the goal to improve Wisconsin's tax and regulatory climate as it relates to the agriculture, food and science sectors. Current tax and regulatory policies and programs are widely perceived to retard Wisconsin's ability to attract new agriculture, processing and technology investment and are not designed to help strengthen Wisconsin's market position.

The Task Force recommends the Governor establish an on-going business climate improvement process to help Wisconsin maintain and attract new investment in the agri-food and bioscience industry. Wisconsin needs to adopt a regulatory philosophy that continues to set high standards for food safety, animal health, natural resource stewardship and consumer protection. However, there

¹ The Wisconsin Agricultural Research & Development Initiative is a nonprofit, tax-exempt corporation formed by multiple agricultural commodity organizations for the primary purpose of promotion and funding of agricultural research and development projects.

Recommendation #1 Increased coordination.

This recommendation addresses the need for on-going leadership and a forum to oversee the alignment of state efforts and resources to help strengthen Wisconsin's agriculture sector and make it a visible world leader. The purpose of this recommendation is to help Wisconsin's public agencies and organizations, and the University System, align with agriculture industry needs in order to better utilize existing programs and better focus on new initiatives. Public agencies and the private sector should be full partners in jointly developing the future economic base in the agriculture sector. The question is how to do this most efficiently.

The Task Force recommends that there be a mechanism, such as a Governor's council, comprised of a small but representative body of the agriculture, food, fiber and bio-science sectors as well as public agencies, established by the Governor. This on-going mechanism is needed to serve as a focal point and forum to oversee the implementation of Task Force recommendations, to develop the policy and program details associated with longer term agriculture industry development needs, and to be engendered with the necessary authority to help government adapt to policy, institutional, and programmatic needs of a growing agriculture industry. The specific mechanism should focus on developing measurable goals and strategies to help Wisconsin food, fiber and bioscience sectors with the following aspects of growth:

- improved market access opportunities,
- technology development and research and development support,
- production systems integrity including food safety, animal health and environmental stewardship,
- issues anticipation,
- informational systems, and
- entrepreneurial capacities including youth education and leadership.

This mechanism should emphasize not only the "think" aspect of a think tank type entity, but also help drive action---the "do" part. This effort will require staffing that should be able to be generated from within existing agencies and public organizations. It will also require annual or semi-annual forums with agriculture, food and bio-science sector input to discuss business climate issues and continuing needs for actions which assist growth and profitability in the agriculture sector.

This recommendation might be implemented with an executive order and a set of memorandums of understanding between agencies and organizations whose program and resource coordination is needed to accomplish the ambitious agenda being called for by the Task Force.

Recommendation #2 Business development.

This recommendation addresses the need and goal to stimulate business innovation throughout the agriculture industry by increasing research and development, technology transfer and commercialization activity.

The Task Force recommends that the Governor and Legislature support increasing the research and development, technology transfer and commercialization support systems for agriculture entrepreneurs. The most important opportunities include:

- 1) Increasing funding for the Department of Agriculture, Trade and Consumer Protection's (DATCP) Agricultural Development and Diversification (ADD) grants program. The ADD program is an effective catalyst for very early stage development of new products, new markets and new technologies. The program currently receives nearly 10 times the requests for funds than are available. Other states are funding similar programs commonly for more than the recommended funding level.

Executive Summary

Agriculture is a business facing the same problems any other business must face in a new century. Unfortunately for Wisconsin, which must rely heavily on agriculture and its related sectors to sustain a vibrant economy, indications hint the State has been stagnating, and in some sectors declining, agriculturally over the past 15-20 years.

The Growing Wisconsin Agriculture Task Force was charged with assessing Wisconsin's current situation and developing recommendations that focus on building a healthy future for Wisconsin agriculture.

First and foremost, the Task Force believes that agriculture, and, indeed, the entire food and fiber processing and support system, is crucial to Wisconsin's overall economy. In order for production agriculture to reach its full potential in Wisconsin, we must view it and analyze it as a whole system—from the farm to the consumer, with all of the supplier-processing-marketing-distribution links in between. The scope of agriculture today ranges from food markets to the production of raw materials for fibers, bio-chemicals and renewable energy, to using land resources and entrepreneurial talents for recreation-tourism businesses and for natural habitat and space management. All of these areas represent sources of value-added dollars for agriculture and help fuel the overall Wisconsin economy. We miss opportunities if we think and speak of Wisconsin agriculture simply as farm-level activity. We can create a much more accurate—and exciting—picture of Wisconsin if we describe agriculture as an “agri-food and bio-economic industry,” encompassing an entire dynamic system, employing thousands and touching the lives of nearly every Wisconsin citizen.

Furthermore, the production agriculture sector itself is best served by finding ways to connect with the processors and marketers of our products, joining forces to meet the new realities that require us to better connect with consumers and the non-farm public.

This sentiment is expressed by University of Wisconsin economist Steven Deller. “While on-farm production is clearly economically significant, agricultural processing represents a substantially larger share of the agricultural industry in Wisconsin. When discussing potential policies targeting agriculture, however, it is important to avoid the circular debate between the relative importance of on-farm production and agricultural processing. Clearly, the two parts of Wisconsin agriculture are mutually dependent upon each other.”

Huge economic forces are at work nationally and globally that call upon Wisconsin to do more and to do better in order to provide opportunities for Wisconsin's farmers, citizens and communities. Key consumer and social trends will drive how Wisconsin's agriculture industry should practice its business in the future.

Given these trends, Wisconsin's agriculture industry is poised for numerous opportunities in the future if positive and progressive actions are taken. The Task Force believes that these actions should be led by the private agriculture sector and its related private processing sectors, which comprise the state's largest economic sectors. The actions should be **enabled** by government through visionary leadership and more focused work that will grow Wisconsin's agri-food and bioscience industry.

The Task Force developed ten recommendations for consideration by the State and our industry. Below are those recommendations that are most important and require the highest priority attention. In many cases, the recommendations serve as a road map for the future but not a detailed prescription. The reason for this is that details need more attention and buy-in from more people in order to have lasting effects on reaching the Task Force's goal of Wisconsin as being a world leader in agri-food and bioscience.

Contents

<i>Executive Summary</i>	2
Recommendation #1 Increased coordination.	3
Recommendation #2 Business development.	3
<i>Recommendation #3 Business climate.</i>	4
Recommendation #4 Land use.	6
Recommendation #5 Food safety.	6
Recommendation #6 Wisconsin's national voice.	7
<i>Introduction</i>	9
<i>Emerging Social and Economic Trends</i>	12
<i>Summary of Public Input, Task Force Analysis and Recommendations</i>	15
Recommendation #1 Increased Coordination	15
Recommendation #2 Business Development	15
Recommendation #3 Business Climate	19
Recommendation #4 Land Use	21
Recommendation #5 Food Safety	22
Recommendation #6 Wisconsin's National Voice	23
Recommendation #7 Size Neutral Decision-making	24
Recommendation #8 Public Education about Agriculture, Food and Science	24
Recommendation #9 Educational System Improvements	25
Recommendation #10 Animal Agriculture and the Environment	26
<i>Request for Implementation Review of Task Force Recommendations</i>	28
<i>Request for Input and Support from Wisconsin Citizens</i>	29
<i>Why Invest in Wisconsin's Food and Fiber Industry?</i>	30
<i>Task Force Members</i>	33
<i>References</i>	34

OCT 25 2001

Please send your
Growing Wis Ag Report
to



Walter J. Crossman
N5038 Crossman Rd.
Lake Mills, WI 53551

✓
Sent
10/31/01

Kalies, Beata

From: Huffman, Garrett J DATCP
Sent: Tuesday, November 06, 2001 10:37 AM
To: Kalies, Beata
Subject: RE:

Beata,

This is the location of the Task Force Report on the Department's website:
http://datcp.state.wi.us/core/aboutus/partners/pdf/task_force.pdf or by doing a search under task force.

I will put a copy in inter-d for your latest request.

If you have other questions, please let me know. Thanks.

garrett

-----Original Message-----

From: Kalies, Beata
Sent: Monday, November 05, 2001 8:30 AM
To: Huffman, Garrett J DATCP
Subject: RE:

Garrett,

I need at least one more for a person who already requested it.

We get several calls a week for copies since coverage of this report hit the papers.

As we are already paying for postage from our office account, I do not think printing on top of it would be appropriate.

Can you give me the website address so I can pass that along to people if they are willing to get their own copy?

Thanks

-----Original Message-----

From: Huffman, Garrett J DATCP
Sent: Friday, November 02, 2001 3:43 PM
To: Kalies, Beata
Subject: RE:

I am down to 4 copies. Do you really need more or would printing off the website work? Thanks.

garrett

-----Original Message-----

From: Kalies, Beata
Sent: Friday, November 02, 2001 3:02 PM
To: Huffman, Garrett J DATCP
Subject:
Importance: High

We could use more copies of that Growing Ag Task Force Report please, please, please.

Thank you!

Beata Kalies
Agriculture Committee Clerk
Office of Representative Al Ott



VALLEY CREDIT UNION

Tel



Mr. Curt Rohland
20546 County Highway X
Chippewa Fls, WI 54729

9064

10-27-01

Dear Rep OTT:

OCT 31 2001

Please send me a copy of
the "Growing Wisconsin
Agriculture" Task Force
report, recently presented
to Gov. McCallum.

Thank you

V
Sent
10/31/01

Curt Rohland

20546 Hwy X

Chippewa Falls, WI 54729

(715-723-3981)

STEVE SLINGER
121 CIRCLE DRIVE
RANDOLPH, WISCONSIN 53956

OCT 23 2001

10-20-01

Please send

We need an informed public to discuss the Growing Wisconsin Agriculture task force report. Assembly Ag Committee Chair Rep. Al Ott (R-Forest Junction) said last week.

Thank you,
Steve Slinger

✓
Sent 10/31/01

STATE OF WISCONSIN

To _____

Date 10-25 Time _____

WHILE YOU WERE OUT

M John Christy

4100 Dallas Ave.

of Spartan, WI 54656

Phone _____

Telephoned	<input checked="" type="checkbox"/>	Please Call	
Called to See You		Rush	
Returned Your Call		Will Call Again	

Message Copy of Growing Agriculture Report



Party Receiving Call

✓
Sent 10/31/01

STATE OF WISCONSIN

To Beata

Date 11-2 Time _____

WHILE YOU WERE OUT

M Jim Tostenson

of W995 Co. Rd. H-1

Phone Frement, WI 54940

Telephoned		Please Call	
Called to See You		Rush	
Returned Your Call		Will Call Again	

Message Copy of Report

Beata
11/2/91



Party Receiving Call

STATE OF WISCONSIN

To Beata

Date 10-31 Time 18:40

WHILE YOU WERE OUT

M Henry Hrudnich

of W 8425 Havelius Road
Clinton, WI 53014

Phone _____

Telephoned		Please Call	
Called to See You		Rush	
Returned Your Call		Will Call Again	

Message Copy of Excusing
By Report.

Beata
10/31/91



Party Receiving Call

NOV 02 2001

John Jordan
N6920 Cty Rd D
Monticello, Wi
53570

Mr. Ott:

I am requesting the "Growing Wisconsin
Agriculture" task force report.

Thank you
John Jordan

✓
Sent
11/2/01